

# **State of Alaska FY2010 Governor's Operating Budget**

## **Department of Commerce, Community, and Economic Development Community and Regional Affairs Component Budget Summary**

## Component: Community and Regional Affairs

### Contribution to Department's Mission

Promote strong communities and healthy economies.

### Core Services

- Local Government Assistance - Assist local governments to develop and maintain local capacities to provide efficient and effective services.
- RUBA Program - Increase the managerial and financial capacities of rural water and wastewater utilities.
- Land Management Assistance - Assist communities on regional and local basis to address and resolve land and planning issues.
- Financial Assistance - Provide financial assistance to communities through administration of multiple grant and funding distribution programs.
- Information Resources - Collect, analyze and publish local government information and economic development information.
- State Assessor - Provide accurate assessments of property values in order to promote equity in the distribution of education funding and other shared revenue programs.
- Serve as staff to the Local Boundary Commission, including preparation of reports on proposed local boundary actions and distribution of information to residents and communities on incorporation, dissolution, annexation, or consolidation procedures.

End Result	Strategies to Achieve End Result
<b>A: Deliver effective management advice and assistance to communities.</b>  <u>Target #1:</u> 7% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services. <u>Status #1:</u> Exceeded target of 7% per year increase in number of communities using Community and Regional Affairs management advice with 7.89% increase this fiscal year and a five year average of 17.69% per year.  <u>Target #2:</u> 100% of communities eligible for funding qualify for available financial resource programs. <u>Status #2:</u> Did not meet target. The number of communities qualifying for funding increased by 1.62% to 96.44%.	<b>A1: Improve DCRA's monitoring capabilities for rural Alaska to identify municipalities at risk of service interruptions.</b>  <u>Target #1:</u> 100% of municipalities submit statutorily required budgets and audit/certified financial statements to the division within established deadlines. <u>Status #1:</u> Did not meet the target. Only 82% of municipalities submitted required documents on time, an increase of 1.52% from the previous year.  <b>A2: Provide assistance to grantees in the local administration of grants - including preparation and submission of grant reports.</b>  <u>Target #1:</u> 8% increase per year in the number of grantees provided individual assistance. <u>Status #1:</u> Exceeded target of an 8% increase per year in the number of grantees provided individual assistance with 9.4% increase this fiscal year and a five-year average of 12.55%.
End Result	Strategies to Achieve End Result
<b>B: Increase number of Alaska citizens who have access to local government services.</b>	<b>B1: Improve capacity through direct training.</b>

<p>Target #1: 100% of municipal governments provide essential public services.</p> <p>Status #1: Target of 100% municipal governments providing essential public services was not met--83% of communities provided essential public services in FY08.</p>	<p>Target #1: 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff.</p> <p>Status #1: Exceeded target of 5% per year increase in number of communities participating in workshops provided by the Division with 88.1% increase this fiscal year and a five-year average increase of 41.88% per year.</p> <p><b>B2: Improve quality of division's available resources to the public.</b></p> <p>Target #1: 5% increase per year in the number of technical assistance publications updated or created.</p> <p>Status #1: Exceeded target of 5% per year increase in number of technical assistance, publications updated or created with 6.67% increase this fiscal year and a five-year average of 15.44%.</p>
End Result	Strategies to Achieve End Result
<p><b>C: Increase number of communities demonstrating adequate capacity to manage rural utility systems.</b></p> <p>Target #1: 5% increase per year in number of rural utilities requesting assistance from the Rural Utility Business Advisor (RUBA) program to increase their management capacity.</p> <p>Status #1: A 7.63% increase in FY08--and a five-year average increase of 21.9%--exceeded the target of a 5% increase in the number of rural utilities receiving assistance from the RUBA program.</p>	<p><b>C1: Increase management capacity of rural utilities through on-site assistance</b></p> <p>Target #1: 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training.</p> <p>Status #1: Exceeded target of 5% per year increase in number of on-site visits to rural utilities to provide technical assistance and training. There was a 12.02% increase this fiscal year and a five-year average increase of 16.82% .</p> <p><b>C2: Increase management capacity of rural utilities through targeted management assistance.</b></p> <p>Target #1: 5% increase per year in rural utilities which meet all essential management indicators.</p> <p>Status #1: Achieved an 8% increase this fiscal year, exceeding the target of 5% per year increase in rural utilities which meet all essential management indicators.</p> <p>Target #2: 5% increase per year in rural utilities which meet all sustainable management indicators.</p> <p>Status #2: Exceeded target of 5% per year increase with 13.33% increase in this fiscal year for rural utilities which met all sustainable management indicators.</p> <p><b>C3: Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.</b></p> <p>Target #1: 5% increase per year in the number of regularly monitored communities by Division staff.</p> <p>Status #1: Exceeded target of 5% per year increase in number of regularly monitored communities by staff with 9.85% increase this fiscal year and a six year average</p>

	<p>of 29.83% increase per year.</p> <p><b>C4: Increase number of interventions in communities before crisis develops through improving community capacity.</b></p> <p><u>Target #1:</u> 5% increase per year in successful interventions in communities due to monitoring of key indicators.</p> <p><u>Status #1:</u> Exceeded target of 5% per year increase in number of successful interventions in communities with a 14.29% increase this fiscal year and a three-year average of 12.41% increase per year.</p>
End Result	Strategies to Achieve End Result
<p><b>D: Equity and consistency exist in full value determinations across state taxing jurisdictions.</b></p> <p><u>Target #1:</u> Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.</p> <p><u>Status #1:</u> Met target of 100% equalization of all property assessments in all boroughs and cities.</p> <p><u>Target #2:</u> Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.</p> <p><u>Status #2:</u> Did not meet target. It is a challenge to conduct on-site audits of some remote areas.</p> <p><u>Target #3:</u> Meet statutory requirement to complete full value determinations on all non-taxing municipalities every two years and on-site inspections every four years.</p> <p><u>Status #3:</u> Met the statutory obligation for both on-site inspections and reviewing full value determinations.</p>	<p><b>D1: Provide needed value modeling to produce adequate full values.</b></p> <p><u>Target #1:</u> Completion of the recalibration of each category in the value model every two years.</p> <p><u>Status #1:</u> Met target by completing recalibration of five categories in the value model.</p>

Major Activities to Advance Strategies	
<ul style="list-style-type: none"> <li>• Provide technical assistance and fuel loans through the Bulk Fuel Bridge Loan program to communities ineligible under other fuel loan programs.</li> <li>• Train community officials and local government staff to build capacity to operate local governments through on-site assistance and regional training.</li> <li>• Train community officials and staff in the operation and management of essential utility facilities through on-site assistance and regional training</li> <li>• Increase online availability of technical assistance information and training course materials on local governance and enterprise/financial management</li> <li>• Assist communities in resolving payroll tax issues prior to IRS or Department of Labor liens and levies being filed.</li> </ul>	<ul style="list-style-type: none"> <li>• Coordinate federal, state and local resources to provide for digital community mapping for use in community planning and infrastructure development.</li> <li>• Provide on-site assistance to grantees on grant management, and effectively administer the increasing number of grants awarded to communities.</li> <li>• Complete new full value determinations on all non-taxing municipalities every two years and on-site inspections every four years.</li> <li>• Collect information on rural communities to provide a basis for emerging policy decisions.</li> <li>• Provide on-site and regional training to municipal staff regarding tax assessment, valuation, and collection issues.</li> </ul>

### Major Activities to Advance Strategies

- Negotiate and finalize ANCSA 14(c)(3) settlements to provide lands for public development as well as private economic development.

### FY2010 Resources Allocated to Achieve Results

**FY2010 Component Budget: \$9,703,400**

**Personnel:**

Full time 59

Part time 0

**Total** 59

## Performance

### A: Result - Deliver effective management advice and assistance to communities.

**Target #1:** 7% per year increase in number of communities using DCRA's management advice and assistance to avoid interruptions in essential community services.

**Status #1:** Exceeded target of 7% per year increase in number of communities using Community and Regional Affairs management advice with 7.89% increase this fiscal year and a five year average of 17.69% per year.

#### Community On-Site Assistance

Year	# of Communities	On-site Visits
2008	41 +7.89%	63 +5%
2007	38 +5.56%	60 +3.45%
2006	36 -10%	58 +9.43%
2005	40 +25%	53 +6%
2004	32 +60%	50 +78.57%
2003	20	28

**Analysis of results and challenges:** Sustainability of communities is a significant issue due to increasing costs for major budget items such as insurance. The Division expects increases in technical assistance requests to continue. The primary challenge to the Division will be to meet the increasing need with a static level of resources. In 2006/2007 fuel price increases caused several communities to have significant problems. Assistance in resolving this particular issue required that more trips be made to fewer communities. The Division will meet this target through creation of alternative delivery systems and prioritization of need.

**Target #2:** 100% of communities eligible for funding qualify for available financial resource programs.

**Status #2:** Did not meet target. The number of communities qualifying for funding increased by 1.62% to 96.44%.

**Communities Qualifying and Receiving funds**

Fiscal Year	% of Communities
FY 2008	96.44 +1.62%
FY 2007	94.90 +4.42%
FY 2006	90.88 -1.76%
FY 2005	92.51

**Analysis of results and challenges:** Assisting communities to access all available funding is one key to sustainability. Management issues that prevent communities from completing end-of-year financial statements or audits are the main reason funds cannot be disbursed. By targeting communities with a history of not qualifying for programs, we hope to increase the number of communities qualifying for payments.

**A1: Strategy - Improve DCRA's monitoring capabilities for rural Alaska to identify municipalities at risk of service interruptions.**

**Target #1:** 100% of municipalities submit statutorily required budgets and audit/certified financial statements to the division within established deadlines.

**Status #1:** Did not meet the target. Only 82% of municipalities submitted required documents on time, an increase of 1.52% from the previous year.

**Municipality submitting on time budgets, financial statements and/or audits**

Year	# of Communities
2008	134 +1.52%
2007	132 +1.54%
2006	130 +13.04%
2005	115 +9.52%
2004	105 +7.14%
2003	98

**Analysis of results and challenges:** Timely filing of financial documents is an indication that municipalities are developing both budgets and end-of-year financial reports in a time frame that allows for their use in guiding financial policies. Given the limited resources made available to the Division, it is challenging to develop incentives or motivations to encourage voluntary compliance by municipalities. If a community does not comply with the requirements for these filings, they will not qualify for various programs and funding.

**A2: Strategy - Provide assistance to grantees in the local administration of grants - including preparation and submission of grant reports.**

**Target #1:** 8% increase per year in the number of grantees provided individual assistance.

**Status #1:** Exceeded target of an 8% increase per year in the number of grantees provided individual assistance with 9.4% increase this fiscal year and a five-year average of 12.55%.

**Grants to Communities**

Year	# of New Grants	Total # of Grants	Grants per Administrator
2008	683 +47.84%	1908 +9.4%	212 -14.86%
2007	462 -34.84%	1744 +7.65%	249 +7.33%
2006	709 +42.94%	1620 +9.83%	232 +9.95%
2005	496 +46.75%	1475 +23.33%	211 +24.12%
2004	338	1196	170

**Analysis of results and challenges:** Many of the communities that are provided assistance via grants need assistance in proper development of their grant requests and in administration of the grants they receive. Individual assistance to grantees has increased for several reasons: (1) A reduction in the number of open grants overseen by each Grant Administrator; (2) the addition of three grant administrator positions, and; (3) internal reorganization.

### **B: Result - Increase number of Alaska citizens who have access to local government services.**

**Target #1:** 100% of municipal governments provide essential public services.

**Status #1:** Target of 100% municipal governments providing essential public services was not met--83% of communities provided essential public services in FY08.

**Percentage of governments providing essential public services**

Fiscal Year	YTD Total
FY 2008	83%
FY 2007	82%
FY 2006	83%
FY 2005	80%
FY 2004	85%

**Analysis of results and challenges:** There is no requirement for communities to report services provided. The primary means for collecting this data is through analysis of budget documents and anecdotal on-site assistance reports. The Division is working to address the challenge to collect and correct information that is self-reported by communities.

### **B1: Strategy - Improve capacity through direct training.**

**Target #1:** 5% increase per year in the number of communities participating in workshops provided by Division of Community and Regional Affairs staff.

**Status #1:** Exceeded target of 5% per year increase in number of communities participating in workshops provided by the Division with 88.1% increase this fiscal year and a five-year average increase of 41.88% per year.

**Number of communities participating in workshops**

Year	Communities
2008	79 +88.1%
2007	42 +16.67%
2006	36 +12.5%
2005	32 +45.45%
2004	22 +46.67%
2003	15

**Analysis of results and challenges:** The technical training provided by the Division has assisted communities in developing skills to run local government services more efficiently. Turnover of community staff is a challenge to this strategy that will result in continuous need for training. The large yearly increases were due to additional funding made available through federally funded programs, and startup of training classes.

**B2: Strategy - Improve quality of division's available resources to the public.**

**Target #1:** 5% increase per year in the number of technical assistance publications updated or created.

**Status #1:** Exceeded target of 5% per year increase in number of technical assistance, publications updated or created with 6.67% increase this fiscal year and a five-year average of 15.44%.

**Publications Created/Updated**

Year	# Avail Tech Material
2008	16 +6.67%
2007	15 +7.14%
2006	14 +7.69%
2005	13 +18.18%
2004	11 +37.5%
2003	8

**Analysis of results and challenges:** New and updated technical assistance publications are used by municipal and community staff to increase their financial and managerial skills, resulting in more effective governments.

**C: Result - Increase number of communities demonstrating adequate capacity to manage rural utility systems.**

**Target #1:** 5% increase per year in number of rural utilities requesting assistance from the Rural Utility Business Advisor (RUBA) program to increase their management capacity.

**Status #1:** A 7.63% increase in FY08--and a five-year average increase of 21.9%--exceeded the target of a 5% increase in the number of rural utilities receiving assistance from the RUBA program.



**Communities Participating in RUBA Program**

Year	# of Communities
2008	141 +7.63%
2007	131 +22.43%
2006	107 +27.38%
2005	84 +20%
2004	70 +32.08%
2003	53

**Analysis of results and challenges:** The significant increase in costs over the past two years has threatened communities' ability to continue to operate sanitation, electric, and fuel distribution utilities. Closure of one or more of these utilities in a community threatens the health and safety of residents. Increases in the management capability of local staff can offset much of the financial impact through efficiency or consolidation of entities.

**C1: Strategy - Increase management capacity of rural utilities through on-site assistance**

**Target #1:** 5% increase per year in number of on-site visits to rural utilities to provide technical assistance and training.

**Status #1:** Exceeded target of 5% per year increase in number of on-site visits to rural utilities to provide technical assistance and training. There was a 12.02% increase this fiscal year and a five-year average increase of 16.82%.

**Number of on-site visits**

Year	# of On-site visits
2008	233 +12.02%
2007	208 +13.66%
2006	183 +8.93%
2005	168 +26.32%
2004	133 +23.15%
2003	108

**Analysis of results and challenges:** On-site training of individuals managing sanitation utilities has increased the number of utilities passing Management Capacity Assessments, becoming Provisionally Certified with RCA, and reducing long-term debts.

**C2: Strategy - Increase management capacity of rural utilities through targeted management assistance.**

**Target #1:** 5% increase per year in rural utilities which meet all essential management indicators.

**Status #1:** Achieved an 8% increase this fiscal year, exceeding the target of 5% per year increase in rural utilities which meet all essential management indicators.

**Number of Communities meeting all essential management indicators**

Fiscal Year	# of Communities
FY 2008	81 +8%
FY 2007	75 +167.86%
FY 2006	28

**Analysis of results and challenges:** This performance indicator is a grant condition in many sanitation construction grants. As such, there was a significant increase in requests for assessments, and a sharper focus on completing the criteria to pass the essential indicators.

**Target #2:** 5% increase per year in rural utilities which meet all sustainable management indicators.

**Status #2:** Exceeded target of 5% per year increase with 13.33% increase in this fiscal year for rural utilities which met all sustainable management indicators.

**# of Rural Utilities Meeting all Sustainable Management Indicators**

Fiscal Year	# of Communities
FY 2008	17 +13.33%
FY 2007	15 -28.57%
FY 2006	21

**Analysis of results and challenges:** The increase is primarily due to Local Government Specialists promoting sustainable indicators to communities. Sustainable indicators are used to determine the sustainability of rural utilities. For instance, the utility needs to provide monthly financial reports with analysis on revenue trends, ensure that revenue generated is able to cover operating costs and deferred maintenance, and that the utilities are conducting monthly bank reconciliations.

**C3: Strategy - Improve DCRA's monitoring capabilities for rural Alaska to identify communities at risk of service interruptions.**

**Target #1:** 5% increase per year in the number of regularly monitored communities by Division staff.

**Status #1:** Exceeded target of 5% per year increase in number of regularly monitored communities by staff with 9.85% increase this fiscal year and a six year average of 29.83% increase per year.

**Percentage of regularly monitored communities**

Fiscal Year	#of Communities
FY 2008	145 +9.85%
FY 2007	132 +94.12%
FY 2006	68 +38.78%
FY 2005	49 +4.26%
FY 2004	47 +2.17%
FY 2003	46

**Analysis of results and challenges:** The increase in construction projects with Division-monitored management grant conditions caused a large increase in this measure.

Regular monitoring allows staff to discover and correct potential problems before they significantly impact utilities financially or managerially.

**C4: Strategy - Increase number of interventions in communities before crisis develops through improving community capacity.**

**Target #1:** 5% increase per year in successful interventions in communities due to monitoring of key indicators.

**Status #1:** Exceeded target of 5% per year increase in number of successful interventions in communities with a 14.29% increase this fiscal year and a three-year average of 12.41% increase per year.

**Successful Interventions**

Year	# of Interventions
2008	24 +14.29%
2007	21 +10.53%
2006	19

**Analysis of results and challenges:** This increase has been accomplished by additional monitoring of tax reporting, fuel ordering, PCE reporting, and liens filed. This allows the Division to proactively contact communities prior to a financial crisis which may cause interruptions to electrical, sanitation, police or governmental services.

**D: Result - Equity and consistency exist in full value determinations across state taxing jurisdictions.**

**Target #1:** Equalize all property assessments in all boroughs and cities, required by statute, for school funding and revenue sharing.

**Status #1:** Met target of 100% equalization of all property assessments in all boroughs and cities.

**% of Full Market Evaluations Completed**

Year	YTD Total
2008	100%
2007	100%
2006	100%
2005	100%
2004	100%

**Analysis of results and challenges:** Full value determinations are used in several statewide funding distribution programs. These determinations require on-site visits to make adequate, defensible determinations. If these values are not correct, inequities in amounts distributed will occur. One challenge is having the personnel resources which will allow adequate on-site visits to determine correct values.

**Target #2:** Assure the public that all taxing municipalities comply with all state and federal assessment laws by auditing each municipal taxing authority once every five years.

**Status #2:** Did not meet target. It is a challenge to conduct on-site audits of some remote areas.

**Number of audits completed per year**

Year	YTD Total	Target
2008	4	5
2007	0	5
2006	1	5
2005	2	5
2004	2	5

**Analysis of results and challenges:** The detail of each city and borough tax policies and assessment procedures

vary widely making the on-site audits difficult. The challenge will be to find a simple audit plan that fits most municipalities. A new position was added at the end of FY07 to assist with completion of audits.

**Target #3:** Meet statutory requirement to complete full value determinations on all non-taxing municipalities every two years and on-site inspections every four years.

**Status #3:** Met the statutory obligation for both on-site inspections and reviewing full value determinations.

Year	YTD Total	Target
2008	4	4
2007	3	4

**Analysis of results and challenges:** This was new requirement enacted by statute in FY06. A new staff person added at the end of FY07 will assist in the completions of the targeted number of determinations.

#### **D1: Strategy - Provide needed value modeling to produce adequate full values.**

**Target #1:** Completion of the recalibration of each category in the value model every two years.

**Status #1:** Met target by completing recalibration of five categories in the value model.

#### **Number of Tax Models Recalibrated**

Year	YTD Total	Target
2008	5	5
2007	3	5
2006	5	5
2005	3	5
2004	1	5

**Analysis of results and challenges:** The challenge is obtaining adequate data for recalibrating the value models. This process is time consuming and depends upon adequate personnel resources being made available. If tax models are not recalibrated, recalibrated accurately, or in a timely manner, full value determinations will be inaccurate - causing inequities in tax values.

### **Key Component Challenges**

Sustainability of communities is a major issue due to: 1) increasing operating costs for major budget items such as transportation and insurance, 2) staff turnover as residents migrate to seek higher paying jobs, and 3) the potential for reduction in federal funding to communities. The Division expects increases in technical assistance and financial intervention requests to continue as communities seek to address these issues. Funding available to local governments - either from locally generated sources, State and federal shared revenue or grants - needs to maximize efficiencies and provide services to residents.

### **Significant Changes in Results to be Delivered in FY2010**

The Division will provide a more focused and coordinated approach to identify and offer technical assistance to communities in financial distress. An enhanced database to capture and post the status of all community financial assistance will be developed. Local Government Specialists that have been reassigned from the development of standardized training materials will focus on identifying communities with significant management issues. They will then work to use various department resources, as well as state and federal programs to resolve the management issues.

The Division's grant staff will increase their ability to provide technical assistance to community grantees in the management and accounting of grant funds. This will be accomplished through implementation of a new grant tracking database which will improve efficiency of processing grants and reporting, and targeting close out of grants that have had little if any activity over a number of years, or have small remaining balances.

The Division will investigate the issue of out-migration of residents from small rural communities and identify socio-economic impacts both to the small rural communities, and the communities that the populations are relocating to.

## **Major Component Accomplishments in 2008**

### **Local Government Assistance**

- Significant changes occurred to the bulk fuel bridge loan program. Statutory language was adopted to formally implement the program, and emergency regulations were promulgated. Final regulations will be adopted in early 2009. In FY09, an additional \$5 million was added to the corpus of the fund to meet the anticipated need of communities due skyrocketing oil prices. A contract was finalized to provide administration of the loans and to provide technical assistance to communities receiving loans to improve their management capacity, set appropriate rates, and improve financial recordkeeping. For the fall 2008 delivery season, five communities not previously participating in the program requested loans. The amount of loans has already exceeded the FY08 fund balance. Those communities previously participating in the program required loan increases of between 8% and 97% to deal with increased costs and demands. At this time a total of 23 communities are participating in the program—up from a total of 18 in the previous year.

### **Impacts of Climate Change**

- Implemented the Climate Change Impact Mitigation Program using \$1.1 million provided by the legislature. The purpose of the program is to assist communities in developing mitigation plans from the effects of climate change: erosion, flooding, and wildfires.
- Administered two grants appropriated to Kivalina and Unalakleet as part of the recommendations of the Immediate Action Work Group of the Governor's Climate Change Sub-Cabinet.
- Continued coordination of an interagency group of state and federal agencies to provide assistance to the community of Newtok in its relocation effort.

### **Rural Utility Business Advisor (RUBA) Program**

- RUBA staff provided technical assistance to 141 communities, including 233 trips to communities to provide on-site assistance. This is up from 131 communities and 208 trips in the previous year. In 2004 there were 70 communities requesting assistance and 133 on-site trips made by the program.
- The number of communities that met the essential indicators of the RUBA management assessment increased by 8% in 2008. Meeting these indicators is a grant condition of the community's sanitation construction grant.
- The number of communities that met the sustainable indicators in the RUBA management assessment increased by 13% in 2008.
- RUBA staff developed two new 32-hour courses to complement the existing six courses. These courses are presented in regional training centers in conjunction with regional health corporations and regional entities.

### **Land Management**

- Completed negotiations, public comment process, and signed conveyance documents to resolve the ANCSA 14(C)(3) conveyance obligations in Tyonek, Napaimute, and Chefornak. The Tyonek conveyance included land for a new Tyonek community potentially needed to serve resource development in the area.
- Coordinated a public/private partnership to finalize digital orthophoto maps in 15 rural communities. Division staff continues to coordinate efforts with agencies and rural groups to produce standardized community profile maps for the public. The maps are an important planning tool to help expedite infrastructure development and encourage economic development.
- Floodplain Management/National Flood Insurance Program (NFIP) staff provided technical assistance following flood events in 2008: Fairbanks, Nenana, Seward, and Matanuska-Susitna.
- Arranged for a Managing Floodplain Development course in Anchorage. This is the first time that the course has ever been presented outside of the FEMA training center in Washington D.C. There were 38 Alaska communities, 8 private insurers, and staff from two state agencies represented in the course.

### **Financial Assistance**

- Implemented the new Community Revenue Sharing program. Developed program policies, procedures, applications, adopted emergency and permanent regulations, accepted applications and issued checks to communities prior to expected deadlines.

- Administered funding and distribution of payments under the Payment in Lieu of Taxes (PILT), National Forest Receipts (NFR), Fisheries Business Tax and the Fisheries Landing Tax programs. Over \$19 million was distributed to communities in FY08 under these four programs.
- The Grants section currently administers grants under 15 different state and federal programs. In the FY08 supplemental and FY09 capital budget 655 grants worth approximately \$399 million were appropriated. With these additional grants, staff administers approximately 1,900 grants, an increase of 10% over the previous year. Total value of grants administered is approximately \$897 million. Currently each grant administrator is responsible for the administration of about 212 grants.

#### Information Resources

- DCRA's Research and Analysis (R&A) staff maintained and updated information of several extremely popular web-based products including the Community Database, Capital Project Database, Community Funding Database, Community Photo Library, and Municipal Contact Information. Many of these resources are used by private industry.
- Published a bi-monthly Lien Watch report. This report documents liens, primarily due to unpaid payroll tax liabilities, that were recorded in the State recorders office. It is widely requested and used by agencies in determining qualifications of entities for financial assistance.
- Collected and published the bi-annual report on fuel prices across Alaska. Due to special requests, developed several derivative reports for agencies and legislators and made presentations at the Southeast Conference and the Southeast Native Summit.

#### Office of the State Assessor

- Completed full value determinations for 44 municipal governments (16 boroughs and 28 cities), and published the information in the Alaska Taxable.
- Recalibrated five taxing models, updating standardized variable cost data, performed benchmark testing, and distributed to taxing jurisdictions for implementation.

#### Local Boundary Commission

- The Skagway Borough incorporation was approved and finalized and Skagway became the 17<sup>th</sup> borough in the state. The incorporation of the City and Borough of Wrangell was approved and finalized and Wrangell became the 18<sup>th</sup> borough in the state.
- Significant effort was spent responding to a lawsuit filed by the City of Craig regarding the approved annexation to the Ketchikan Gateway Borough.
- There is continued demand for information regarding borough and municipal incorporation from communities in Southeast Alaska.

#### Statutory and Regulatory Authority

AS 44.33.020	Assist Local Governments
AS 44.33.020 & AS 44.33.740	Rural Development
AS 44.33.020 (10, 18 & 20)	Various Grant Programs
AS 44.33.740	Rural Utility Business Advisory Program
AS 29.04-06	Classification, Alteration of Municipalities
AS 39.05.060	Appointment, Qualification and Terms of LBC
AS 44.33.810 - AS 44.33.828	Local Boundary Commission
AS 44.33.020 (4)	Local Boundary Commission
3 AAC 110.010 - 110.900	Local Boundary Commission
AS 44.33.755	Municipal Lands Trust
3 AAC 190.010 - 3 AAC 190.990	Municipal Lands Trust
AS 44.33.781	Alaska Coastal Management Program
AS 44.33.020	National Flood Insurance Program
5 AAC 39.198 & 44.33.020(39)	Internal Waters Permits
AS 37.06.010	Municipal Capital Project Matching Grant Program
AS 37.06.020	Unincorporated Capital Project Matching Grant Program
AS 37.05.315	Grants to Municipalities
AS 37.05.316	Grants to Named Recipients
AS 37.05.317	Grants to Unincorporated Communities

AS 29.60.850                      Community Revenue Sharing  
AS 29.60.660                      Bulk Fuel Bridge Loan Program

Contact Information
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### Community and Regional Affairs Component Financial Summary

All dollars shown in thousands

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	4,689.5	5,430.4	5,536.9
72000 Travel	408.1	250.9	250.9
73000 Services	1,356.6	2,182.1	1,875.8
74000 Commodities	159.1	65.0	65.0
75000 Capital Outlay	165.6	14.0	14.0
77000 Grants, Benefits	866.5	1,960.8	1,960.8
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>7,645.4</b>	<b>9,903.2</b>	<b>9,703.4</b>
<b>Funding Sources:</b>			
1002 Federal Receipts	1,862.7	2,364.3	2,364.3
1003 General Fund Match	500.0	714.7	724.7
1004 General Fund Receipts	1,320.5	1,370.9	3,460.9
1005 General Fund/Program Receipts	4.0	18.7	18.7
1007 Inter-Agency Receipts	0.0	838.4	497.8
1044 Debt Retirement	10.3	0.0	0.0
1061 Capital Improvement Project Receipts	557.7	682.8	694.9
1108 Statutory Designated Program Receipts	0.0	31.1	31.1
1175 Business License and Corporation Filing Fees and Taxes	3,199.4	3,528.5	1,557.2
1195 Special Vehicle Registration Receipts	135.8	135.8	135.8
1202 Anatomical Gift Awareness Fund	55.0	0.0	0.0
1208 Bulk Fuel Bridge Loan Fund	0.0	218.0	218.0
<b>Funding Totals</b>	<b>7,645.4</b>	<b>9,903.2</b>	<b>9,703.4</b>

### Estimated Revenue Collections

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Other Restricted Revenue	51000	55.0	0.0	0.0
Federal Receipts	51010	1,862.7	2,364.3	2,364.3
Interagency Receipts	51015	0.0	838.4	497.8
General Fund Program Receipts	51060	4.0	18.7	18.7
Statutory Designated Program Receipts	51063	0.0	31.1	31.1



Estimated Revenue Collections				
Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
Receipt Supported Services	51073	135.8	135.8	135.8
Business License Receipts	51173	3,199.4	3,528.5	1,557.2
Capital Improvement Project Receipts	51200	557.7	682.8	694.9
Bulk Fuel Loan Fund	51241	0.0	218.0	218.0
Debt Retirement Fund	51391	10.3	0.0	0.0
<b>Restricted Total</b>		<b>5,824.9</b>	<b>7,817.6</b>	<b>5,517.8</b>
<b>Total Estimated Revenues</b>		<b>5,824.9</b>	<b>7,817.6</b>	<b>5,517.8</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>2,104.3</b>	<b>2,364.3</b>	<b>5,434.6</b>	<b>9,903.2</b>
<b>Adjustments which will continue current level of service:</b>				
-Correct Unrealizable Fund Sources in the Salary Adjustment for the Existing Bargaining Unit Agreements	77.9	-38.7	-39.2	0.0
-Remove one-time funding for two Grant Administrators -- Sec. 60(c), Ch 29, SLA 2008 (SB 221)	-164.0	0.0	0.0	-164.0
-Replace Business License revenue resulting from the annual cost of a business license dropping from \$100 to \$50	1,971.3	0.0	-1,971.3	0.0
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	20.8	38.7	51.3	110.8
<b>Proposed budget decreases:</b>				
-Remove excess expenditure authority & revenue estimate	0.0	0.0	-340.6	-340.6
<b>Proposed budget increases:</b>				
-Core Service Increases	30.0	0.0	0.0	30.0
-Continue funding for two Grant Administrators added in FY09	164.0	0.0	0.0	164.0
<b>FY2010 Governor</b>	<b>4,204.3</b>	<b>2,364.3</b>	<b>3,134.8</b>	<b>9,703.4</b>

**Community and Regional Affairs  
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2009</u> <u>Management</u> <u>Plan</u>	<u>FY2010</u> <u>Governor</u>		
Full-time	59	59	Annual Salaries	3,691,824
Part-time	0	0	COLA	147,145
Nonpermanent	3	1	Premium Pay	0
			Annual Benefits	1,900,286
			<i>Less 3.53% Vacancy Factor</i>	(202,355)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>62</b>	<b>60</b>	<b>Total Personal Services</b>	<b>5,536,900</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant I	1	0	0	0	1
Administrative Assistant II	1	0	0	0	1
Administrative Clerk III	1	0	0	0	1
Administrative Officer II	1	0	0	0	1
Asst State Assessor	1	0	0	0	1
Business Development Spec II	1	0	0	0	1
Dev Spec II, Option A	1	0	1	0	2
Division Director	1	0	0	0	1
Division Operations Manager	1	0	0	0	1
Grants Administrator I	2	1	0	0	3
Grants Administrator II	1	3	4	0	8
Grants Administrator III	1	1	0	0	2
Local Govt Spec III	4	4	1	8	17
Local Govt Spec IV	4	0	1	0	5
Local Govt Spec V	2	0	1	0	3
Natural Resource Spec III	1	0	0	0	1
Planner II	2	0	0	0	2
Planner III	2	0	0	0	2
Planner IV	0	0	1	0	1
Publications Tech II	1	0	0	0	1
Research Analyst II	0	0	2	0	2
Research Analyst III	0	0	1	0	1
Research Analyst IV	1	0	0	0	1
State Assessor	1	0	0	0	1
<b>Totals</b>	<b>31</b>	<b>9</b>	<b>12</b>	<b>8</b>	<b>60</b>